

VZCZCXRO1312

PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDF RUEHIK RUEHLH RUEHLD RUEHLZ

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DE RUEHAA #1063 2280402

ZNR UUUUU ZZH

P 150402Z AUG 08

FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 1350

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY

RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAK/AMEMBASSY ANKARA PRIORITY 4156

RUEHBJ/AMEMBASSY BEIJING PRIORITY 1968

RUEHKO/AMEMBASSY TOKYO PRIORITY 1833

RUEHIT/AMCONSUL ISTANBUL PRIORITY 2404

RUEKJCS/Joint STAFF WASHDC PRIORITY

RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS ASHGABAT 001063

SENSITIVE

SIPDIS

STATE FOR SCA/CEN

ANKARA FOR AGRICULTURAL COUNSELLOR

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ETRD](#) [PGOV](#) [TX](#)

SUBJECT: TURKMENISTAN FOOD MARKET - IMPACT OF UNIFIED CURRENCY EXCHANGE ON FOOD PRICES

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) Three months after the unification of the government's dual currency exchange rates, prices for imported food items, including cooking oil, sugar and butter decreased 10 percent on average, returning to December 2007 price levels. At the same time, although prices for local food items remained steadily high since January, some of them, including rice and chicken, have continued to increase -- probably due to rising production costs. The increased price for rice reflected higher fees for land rent, irrigation water, fertilizers and transportation. Poultry producers raised their prices due to the increased cost of poultry feed and transportation services.

Food Item	08/08 TMM	05/08 TMM	% change
Bread			
(1 homemade)	8,000	8,000	0
Flour (1 kg)	16,000	16,000	0
Rice (1 kg)	35,000	28,000	-25
Butter (1 kg)	120,000	130,000	-8
Veg. Oil (1 lit)	45,000	50,000	-10
Sugar (1 kg)	16,000	18,000	-12
Beef (1 kg)	70,000	70,000	0
Lamb (1 kg)	60,000	60,000	0
Chicken (1 kg)	60,000	55,000	9
Milk (1 lit)	15,000	15,000	0
Cheese (1 kg)	150,000	150,000	0
Eggs (ten)	25,000	25,000	0

¶3. (SBU) While the higher value of the manat against the dollar may have contributed to price decreases for imported food items, these drops could also be the result of the government's August 1 decision to lower import tariffs for all consumer goods except cars. The need for the revision was caused by the tripling of import taxes after the manat exchange rate was unified at 14,250 manat/USD. (Note: Prior to exchange rate unification, import taxes paid in manat were calculated at the official rate of 5,300 manat/USD. END NOTE.)

¶5. (SBU) COMMENT: The government was well aware of popular

discontent with food price inflation in the first six months of 2008. With its attempts to control rising prices through price controls proving unsuccessful, it seems to be focusing now on keeping prices low by decreasing tariffs and by increasing the supply of imported goods -- occasionally at subsidized prices -- in the market. While these measures appear to be working for now, many remain skeptical that they can work in the long term.

CURRAN